

## Message Text

UNCLASSIFIED

PAGE 01 BONN 13158 01 OF 05 182314Z  
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
PA-02 /117 W

-----080957 190013Z /13

R 181839Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0399  
DEPARTMENT TREASURY  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 05 BONN 13158

USEEC AND USOECD ALSO FOR EMBASSIES

DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A  
TAGS: ECON EFIN GW  
SUBJECT: FINANCIAL DEVELOPMENTS IN GERMANY  
(JULY 11-17)

REF: BONN 12691, BONN 12006, BONN 12286

1. SUBJECTS COVERED: REPORTED BUNDESBANK COMMENTS  
CONCERNING A EUROPEAN MONETARY SYSTEM; LAMBSDORFF  
ADVOCATES DM 10-15 BILLION FISCAL STIMULUS FOR 1979;  
ECONOMIC INSTITUTE DOUBTFUL ABOUT 2.5 PERCENT GROWTH;  
GERMANS ARE SAVING A LITTLE LESS; FOREIGN EXCHANGE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 13158 01 OF 05 182314Z

MARKETS (TABLE); MONEY MARKETS (TABLE); GERMAN CURRENCY  
EXCHANGES REDUCE MARGIN BETWEEN OFFICIAL BUYING AND  
SELLING RATES; BUNDESBANK FOREIGN POSITION; BANK  
LIQUIDITY; BOND MARKET (TABLE); FOREIGN DM BONDS;  
ECONOMIC INDICATORS PUBLISHED THIS WEEK(TABLE).

2. REPORTED BUNDESBANK COMMENTS CONCERNING

A EUROPEAN MONETARY SYSTEM:

ACCORDING TO AN ARTICLE APPEARING OVER THE WEEKEND IN "DIE WELT", THE BUNDESBANK HAS INFORMED THE FEDERAL GOVERNMENT OF SEVERAL CONDITIONS IT DEEMS ESSENTIAL TO THE SUCCESSFUL IMPLEMENTATION OF A EUROPEAN MONETARY SYSTEM (EMS) AND HAS UNDERSCORED SEVERAL AS - YET - UNANSWERED QUESTIONS CONCERNING OPERATION OF THIS SYSTEM AND COMMITMENT OF BUNDESBANK RESERVES TO SUCH A SYSTEM. THE BUNDESBANK'S BASIC PREMISE IS THAT CREATION OF A ZONE OF STABLE EXCHANGE RATES CAN ONLY SUCCEED ON THE BASIS OF STABILITY IN THE DOMESTIC ECONOMIES OF THE MEMBER COUNTRIES. THUS THE SYSTEM SHOULD BE CONSTRUCTED IN A WAY WHICH INDUCES MEMBERS TO MAINTAIN A "REALISTIC" EXCHANGE RATE AND TO PURSUE STABILIZING ECONOMIC POLICIES DOMESTICALLY. IN THIS REGARD, "DIE WELT" WRITES THAT BUNDESBANK PRESIDENT EMMINGER ATTACHES GREAT IMPORTANCE TO CONTROLLING THE CREDIT GRANTING POSSIBILITIES OF THE RESERVE FUND. THIS APPLIES NOT ONLY TO THE VOLUME OF RESERVES BUT ALSO TO REPAYMENT CONDITION ACCORDING TO "DIE WELT" EMMINGER NOTED THAT CURRENT MEMBERS OF THE SNAKE ARE REQUIRED TO REPAY BORROWINGS WITHIN 45 DAYS WHILE SOME ARE SPEAKING OF A ONE-YEAR REPAYMENT PROVISION FOR THE EMS. ACCORDING TO "DIE WELT" IN EMMINGER'S VIEW SUCH A PROVISION WOULD NOT BE SUFFICIENTLY RIGID TO INDUCE TIMELY ADJUSTMENTS IN

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 13158 01 OF 05 182314Z

MEMBER COUNTRIES' ECONOMIC PROGRAMS AND EXCHANGE RATES. IN THE SAME CONTEXT, THE BUNDESBANK WARNED OF THE POTENTIAL INFLATIONARY IMPACT OF GRANTING TOO MUCH CREDIT FROM A RESERVE FUND. ON OPERATION OF THE SYSTEM, IT WAS NOTED THAT IF THE EUROPEAN MONETARY FUND ITSELF WERE GIVEN INTERVENTION AUTHORITY THE BUNDESBANK WOULD SURRENDER NOT ONLY A PART OF ITS RESERVES, BUT ALSO TO AN IMPORTANT DEGREE ITS AUTONOMY IN DETERMINING MONETARY POLICY. ACCORDING TO EMMINGER, THE LEGAL ASPECTS OF BUNDESBANK DEPOSITS IN THE EMS ARE STILL BEING EXPLORED.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 13158 02 OF 05 182315Z  
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
PA-02 /117 W

-----080986 190013Z /13

R 181839Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0400  
DEPARTMENT TREASURY  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL FRANKFURT

UNCLAS SECTION 02 OF 05 BONN 13158

3. LAMBSDORFF ADVOCATES DM 10-15 BILLION  
FISCAL STIMULUS FOR 1979:

IN A LETTER TO CHANCELLOR SCHMIDT PUBLISHED IN THE  
JULY 17 EDITION OF HANDELSBLATT, ECONOMICS MINISTER  
LAMBSDORFF RECOMMENDED AN ADDITIONAL STIMULUS, PRE-  
DOMINANTLY IN THE FORM OF DIRECT TAX REDUCTION, OF  
DM 10-15 BILLION FOR 1979. LAMBSDORFF CITED THE GLOOMY  
OUTLOOK FOR GROWTH AND EMPLOYMENT AND THE UNFAVORABLE  
IMPACT OF LOW GROWTH ON GOVERNMENT AND SOCIAL INSURANCE  
FUND RECEIPTS AS SUFFICIENT REASONS FOR ADOPTING  
MEASURES WHICH WOULD AGGREGATE THE SHORT-TERM FINANCING  
PROBLEMS OF THE GOVERNMENT. DIRECT TAX REDUCTIONS,  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 13158 02 OF 05 182315Z

HE SAYS, ARE TO BE PREFERRED BECAUSE OF THE FAVORABLE  
IMPACT ON INVESTMENT AND LONGER-TERM CONSUMPTION AND  
BECAUSE STATES AND COMMUNITIES (WHOSE TAX RECEIPTS WOULD  
FALL) WOULD ALSO BE INVOLVED, WHICH WOULD NOT NECESSARILY  
BE TRUE IN THE CASE OF A FEDERAL LEVEL - DECIDED UPON  
EXPENDITURE PROGRAM.

4. ECONOMIC INSTITUTE DOUBTFUL ABOUT  
2 1/2 PERCENT GROWTH:

THE SEMI-ANNUAL REPORT OF THE GERMAN ECONOMIC INSTITUTE (IW) EXPRESSES SKEPTICISM ABOUT THE PROSPECT FOR ACHIEVING EVEN 2 1/2 PERCENT GNP GROWTH IN 1978. ACCORDING TO PRESS REPORTS, THE BUSINESS-SUPPORTED IW ATTRIBUTES THE DESPONDENT STATE OF THE ECONOMY CHIEFLY TO THE WEAKNESS OF INVESTMENT IN PLANT AND EQUIPMENT AND TO TRADE DEVELOPMENTS. THE IW REPORT CONTRASTS THE NINE PERCENT RISE IN IMPORTS WITH THE FOUR PERCENT RISE IN EXPORTS DURING THE FIRST FIVE MONTHS OF THE YEAR TO DRAW A NEGATIVE CONTRIBUTION TO GROWTH FROM THE FOREIGN SECTOR. THE REPORT ATTRIBUTES THE DECLINE IN SEASONALLY ADJUSTED UNEMPLOYMENT TO LESS THAN ONE MILLION DURING THE FIRST QUARTER TO A RISE OF ALMOST 200,000 IN THE LABOR RESERVE FORCE ("STILLE RESERVE").

#### 5. GERMANS ARE SAVING A LITTLE LESS.

ACCORDING TO THE BUNDESBANK'S JULY REPORT, PRIVATE HOUSEHOLDS SAVED ALMOST 5 PERCENT LESS IN THE JANUARY-MAY PERIOD OF 1978 THAN IN THE CORRESPONDING PERIOD OF 1977. IN THE FIRST QUARTER OF 1978 THE PRIVATE SAVINGS RATIO (SEASONALLY ADJUSTED) IS CALCULATED TO HAVE DECLINED TO 13 1/2 PERCENT, DOWN FROM 13.9 IN 4TH QUARTER 1977 (THUS RESUMING THE DOWNWARD TREND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 13158 02 OF 05 182315Z

FROM THE HIGH OF 17.8 PERCENT DURING THE SECOND QUARTER OF 1975). THE BUNDESBANK ATTRIBUTES THE PUBLIC'S GREATER DISPOSITION TO SPEND TO A LARGER UNBLOCKING OF STATUTORY SAVINGS, BETTER EMPLOYMENT AND INCOME PROSPECTS, AND ALTERED PUBLIC ATTITUDES, PARTICULARLY TOWARD HOME INVESTMENT. THE BANK REPORTS THAT 21 1/2 PERCENT OF ALL PRIVATE INVESTMENT IS BEING PUT INTO HOUSING, A HIGHER RATE THAN ATTAINED EVEN DURING THE CONSTRUCTION BOOM OF THE EARLY SEVENTIES.

#### 6. FOREIGN EXCHANGE MARKETS:

THE DOLLAR STRENGTHENED SLIGHTLY DURING THE REPORTING PERIOD. FOR THE PERIOD JULY 11 - 18, FRANKFURT SPOT AND FORWARD DOLLAR RATES WERE AS FOLLOWS:

SPOT DOLLARS			FORWARD DOLLARS	
(IN DM PER \$1.--)			(IN PCT. PER ANNUM)	
OPENING	FIXING	CLOSING	ONE-MONTH	THREE-MONTH

JULY 11	2.0480	2.0466	2.0510	-4.9	-5.2
12	2.0535	2.0573	2.0560	-4.3	-5.0
13	2.0440	2.0484	2.0515	-4.7	-5.1
14	2.0555	2.0552	2.0600	-5.4	-5.2
17	2.0630	2.0601	2.0655	-5.1	-5.1

18 2.O64O 2.O651 N.A. N.A. N.A.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 13158 03 OF 05 182322Z  
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
PA-02 /117 W

-----081063 190012Z /13

R 181839Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0401  
DEPARTMENT TREASURY  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL FRANKFURT

UNCLAS SECTION 03 OF 05 BONN 13158

7. MONEY MARKETS:  
30 AND 90 DAY MONEY RATES ROSE SLIGHTLY AT THE END OF THE  
PERIOD UNDER REVIEW. CALL MONEY RATES REMAINED AT THE  
RATHER HIGH LEVEL PREVAILING IN RECENT WEEKS. FOR THE  
PERIOD, FRANKFURT INTERBANK LENDING RATES WERE AS  
FOLLOWS:

CALL MONEY ONE-MONTH THREE-MONTH

JULY 11	3.50-3.60	3.65	3.70
12	3.50-3.60	3.60	3.70
13	3.50-3.55	3.60	3.70
14	3.50-3.55	3.65	3.75

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 13158 03 OF 05 182322Z

17 3.50-3.55 3.65 3.75

8. GERMAN CURRENCY EXCHANGES REDUCE MARGIN BETWEEN OFFICIALLY QUOTED BUYING AND SELLING RATES: ACCORDING TO THE HANDELSBLATT, GERMAN CURRENCY EXCHANGES WILL, EFFECTIVE SEPTEMBER 1, 1978, REDUCE THE MARGIN BETWEEN OFFICIAL BUYING AND SELLING QUOTATIONS FOR SOME FOREIGN CURRENCIES, SUCH AS U.S. DOLLARS, CANADIAN DOLLARS, POUND STERLING, FRENCH FRANCS, ITALIAN LIRA, SPANISH PESETA AND PORTUGUESE ESCUDOS. MARGINS FOR THE OTHER 9 CURRENCIES OFFICIALLY QUOTED ON GERMAN CURRENCY EXCHANGES WILL REMAIN UNCHANGED. CURRENT MARGINS WERE ESTABLISHED IN ABSOLUTE AMOUNTS IN 1953, AND HAVE REMAINED UNCHANGED SINCE. IN 1953, EXPRESSED IN PERCENT, THEY RANGED FOR INDIVIDUAL CURRENCIES FROM 0.17 PERCENT TO 0.30 PERCENT AND REACHED 0.23 PERCENT ON AVERAGE FOR ALL CURRENCIES. HOWEVER, THE SUBSEQUENT DEUTSCHEMARK APPRECIATION INCREASED MARGINS (EXPRESSED IN PERCENT) SUBSTANTIALLY AND THE RANGE BETWEEN INDIVIDUAL CURRENCIES WIDENED CONSIDERABLY. CURRENTLY MARGINS RANGE FROM 0.20 PERCENT TO MORE THAN 0.80 PERCENT, AND AVERAGE ABOUT 0.40 PERCENT. THE DECISION TO NARROW MARGINS WAS RECOMMENDED BY THE BUNDESBANK WHICH PROPOSED A REDUCTION TO AN AVERAGE OF 0.22 PERCENT. THE EXCHANGES, HOWEVER, POINTED TO HIGHER COSTS AND INCREASED RISKS SINCE THE INTRODUCTION OF FLOATING EXCHANGE RATES AND SETTLED ON MARGINS, REDUCED ON AVERAGE, TO 0.33 PERCENT. THE NEW AND OLD MARGINS FOLLOW:

MARGIN IN DM		
	NEW	OLD
-----	-----	-----

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 13158 03 OF 05 182322Z

U.S. DOLLAR	0.0080	0.0100
CANADIAN DOLLAR	0.0080	0.0100
POUND STERLING	0.014	0.020
FRENCH FRANC	0.160	0.200
LIRA	0.010	0.020
PESETA	0.010	0.020
ESCUDO	0.020	0.040

9. BUNDESBANK FOREIGN POSITION:  
DURING THE PERIOD JULY 1-7 THE BUNDESBANK'S NET  
FOREIGN POSITION INCREASED BY ABOUT DM 870 MILLION TO

DM 89.6 BILLION. CREDITS TO MONETARY AUTHORITIES DECLINED BY DM 2.097 MILLION REFLECTING THE REPAYMENT BY ITALY OF THE OUTSTANDING PORTION OF THE \$2 BILLION GOLD-GUARANTIED CREDIT GRANTED BY THE BUNDESBANK IN SEPTEMBER 1976 (SEE BONN 12691). FOREIGN EXCHANGE HOLDINGS INCREASED BY DM 2.965 MILLION REFLECTING THE ABOVE-MENTIONED TRANSACTION AND ABOUT DM 0.9 BILLION OF FOREIGN EXCHANGE MARKET INTERVENTIONS OF THE BUNDESBANK. GERMANY'S IMF GOLD TRANCHE POSITION INCREASED BY DM 33 MILLION WHILE SDR HOLDINGS DECLINED BY DM 4 MILLION. FOREIGN LIABILITIES INCREASED BY ABOUT DM 30 MILLION.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 13158 04 OF 05 182323Z  
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
PA-02 /117 W

-----081093 190011Z /13

R 181839Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0402  
DEPARTMENT TREASURY  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL FRANKFURT

UNCLAS SECTION 04 OF 05 BONN 13158

10. BANK LIQUIDITY:  
DURING THE SAME PERIOD BANK LIQUIDITY INCREASED BY DM 2.2 BILLION. FACTORS INCREASING LIQUIDITY WERE THE ABOVE-MENTIONED INCREASE IN THE BUNDES-

BANK'S FOREIGN POSITION, A DM 1.0 BILLION DECLINE IN  
BUNDESBANK ASSETS OF PUBLIC AUTHORITIES AND A DM 2.3  
BILLION DECLINE IN THE BANKS' HOLDINGS OF RESERVES  
AT THE BUNDESBANK. VARIOUS MINOR, MAINLY UNIDENTIFIED  
FACTORS, REDUCED LIQUIDITY BY DM 2.0 BILLION.

THE BANKS USED THE INCREASE IN LIQUIDITY TO REDUCE  
LOMBARD BORROWINGS BY DM 5.8 BILLION (TO DM 3.0 BILLION).  
AT THE SAME TIME, THEY INCREASED REDISCOUNT BORROWINGS  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 13158 04 OF 05 182323Z

BY DM 3.6 BILLION. THIS WAS POSSIBLE SINCE, EFFECTIVE  
JULY 1, THE BUNDESBANK INCREASED THE BANKS' REDISCOUNT  
QUOTAS BY DM 3 BILLION (SEE BONN 12006).

#### 11. BOND MARKET:

ON THE MARKET FOR DOMESTIC BONDS PRICE DECLINES  
ACCELERATED. PRICES FOR BONDS WITH LONGER REMAINING  
MATURITIES HAVE NOW RETURNED TO LEVELS PREVAILING  
ABOUT A YEAR AGO. ACCORDING TO THE PRESS, AVERAGE  
YIELDS OF OUTSTANDING DOMESTIC BONDS, BROKEN DOWN BY  
REMAINING MATURITY, DEVELOPED AS FOLLOWS:

#### REMAINING MATURITY

(YEARS)	1	3	5	7	9	10
JULY 16	4.35	5.70	6.15	6.40	6.60	6.70
JULY 9	4.25	5.55	6.00	6.30	6.50	6.55

#### FOR COMPARISON:

-----  
JUNE 16, 1977 4.75 5.50 6.05 6.40 6.65 6.70

#### 12. FOREIGN DM BONDS:

THE COUPON OF THE DM 50 MILLION OF CONVERTIBLE BONDS OF  
THE JAPANESE IZUMIYA CO. LTD. (SEE BONN 12286) HAS  
BEEN REDUCED FROM THE ORIGINALLY PLANNED 3 3/4 PERCENT  
TO 3 1/2 PERCENT. THE ISSUE PRICE OF THE BONDS IS 100  
AND THE MATURITY 8 YEARS. THE EUROPEAN COAL AND  
STEEL COMMUNITY WILL ISSUE A DM 70 MILLION LOAN  
CARRYING A COUPON OF 6 PERCENT AND A MATURITY OF 12  
YEARS. THE ISSUE PRICE WILL PROBABLY BE 100. THE  
NORWEGIAN NORGES KOMMUNALBANK PLANS TO OFFER A  
DM 100 MILLION LOAN AT A COUPON OF 6 PERCENT, ISSUE  
PRICE OF PROBABLY 100 AND A MATURITY OF 12 YEARS WITH  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 13158 04 OF 05 182323Z



REPAYMENT TO BEGIN AFTER 2 YEARS THROUGH A SINKING FUND.  
THE SOUTH AFRICAN STANDARD BANK IMPORT AND EXPORT  
FINANCE COMPANY IS PRIVATELY PLACING BONDS OF DM 50  
MILLION CARRYING A COUPON OF 7 3/4 PERCENT, AN ISSUE  
PRICE OF 99 1/2 AND A MATURITY OF 4 YEARS. THE  
BONDS ARE GUARANTEED BY THE STANDARD BANK OF SOUTH  
AFRICA.  
ACCORDING TO A HANDELSBLATT REPORT, GERMAN BANKS ARE  
TO AN INCREASING EXTENT SELLING DM-DENOMINATED PRO-  
MISSORY NOTES TO FOREIGNERS. REPORTEDLY THE NOTES  
HAVE MATURITIES OF 4-6 YEARS AND A YIELD 0.10 - 0.15  
PERCENTAGE POINTS BELOW THAT OF DOMESTIC PROMISSORY  
NOTES. THE YIELD, AS FOR FOREIGN DM BONDS  
IS NOT SUBJECT TO THE 25 PERCENT GERMAN WITHHOLDING  
TAX IMPOSED ON YIELDS OF DOMESTIC BONDS HELD BY  
FOREIGNERS. THE BONDS ARE SOLD IN LARGE DENOMINATIONS,  
AS A RULE IN DENOMINATIONS OF DM 10 - 20 MILLION.  
THE JAPANESE NIPPON AIRWAYS CO. PLANS TO ISSUE DM 100  
MILLION OF CONVERTIBLE BONDS. THE BONDS ARE EXPECTED TO  
CARRY A COUPON OF 3 1/2 PERCENT AND A MATURITY OF 10  
YEARS WITH REPAYMENT TO BEGIN AFTER 6 YEARS.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 13158 05 OF 05 182322Z  
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01  
PA-02 /117 W

-----081076 190012Z /13

R 181839Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 0403  
DEPARTMENT TREASURY  
INFO AMEMBASSY BERN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
AMCONSUL FRANKFURT

UNCLAS SECTION 05 OF 05 BONN 13158

13. ECONOMIC INDICATORS PUBLISHED THIS WEEK:

NON-SEASONALLY ADJUSTED BUNDESBANK DATA 1/

	MARCH 1978	DECEMBER 1977	PCT. CHANGE OVER MARCH 1977
BUSINESS LOANS	424.4	429.1	6.6
CONSUMER			
CREDIT	83.7	81.3	20.1
MORTGAGE DEBT	309.4	303.9	10.8

1/ BANK CREDITS BY TYPE OF CREDIT ARE REPORTED ONLY  
ON A QUARTERLY BASIS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 13158 05 OF 05 182322Z

SEASONALLY ADJUSTED DATA

	FEB.	MARCH	APRIL	MAY	JUNE
UNEMPLOYMENT					
THOUSANDS	1,013	1,014	989	997	984
PERCENT OF					
LABOR FORCE	4.5	4.5	4.4	4.4	4.3

ACCORDING TO THE LATEST BUSINESS SURVEY DATA OF THE IFO  
ECONOMIC RESEARCH INSTITUTE, APPRAISALS OF BUSINESS  
TRENDS BY FRG MANUFACTURERS CONTINUE PREDOMINANTLY  
NEGATIVE. HOWEVER, IN APRIL AND MAY A SOMEWHAT MORE  
OPTIMISTIC ATTITUDE IS NOTICEABLE.

EXCESS OF PESSIMISTIC OVER  
OPTIMISTIC RESPONDENTS IN PERCENT

	JAN	FEB	MARCH	APRIL	MAY
SUBJECT OF					
APPRAISALS					

SUBJECT OF  
APPRAISALS

	21	23	24	23	22
CURRENT BUSINESS					
SITUATION					
PROSPECTS FOR THE					
NEXT SIX MONTHS	9	6	10	11	8
STOESSEL					

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BONN13158  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780295-0612  
**Format:** TEL  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780750/aaaabpoe.tel  
**Line Count:** 547  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 94e5f071-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 10  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 BONN 12691, 78 BONN 12006, 78 BONN 12286  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1979372  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCIAL DEVELOPMENTS IN GERMANY (JULY 11-17)  
**TAGS:** ECON, EFIN, GE  
**To:** STATE TRSY  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/94e5f071-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014